

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2509-02  
Bill No.: HCS for HB 1318  
Subject: Bingo  
Type: Original  
Date: April 20, 2015

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Bill Summary: This proposal modifies provisions relating to requirements for the operation of a bingo game and repeals the bingo tax dependent upon a referendum passing.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Bingo Proceeds for Education	\$0	\$0 or (\$565,351)	\$0 or (\$697,272)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0 or (\$565,351)</b>	<b>\$0 or (\$697,272)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

#### **§ 313.055 - Repeal of the Bingo Game Sales Tax:**

Officials from the **Missouri Gaming Commission (GAM)** report the following taxes were paid into the Bingo Proceeds for Education Fund (0289).

#### **Actual Bingo Tax Receipts for File Period**

FY10: \$1,278,620  
FY11: \$1,182,732  
FY12: \$1,121,960  
FY13: \$1,082,969  
FY14: \$952,436

GAM assumes the average decrease in the bingo paper taxes collected over the past three years is estimated to be 7.5%. Assuming this trend continues and the legislation passes, the total estimated loss over the next three fiscal years to the Bingo Proceeds to Education Fund (0289) from the loss of collection of paper taxes will be (\$ 2,449,739).

GAM estimates the following annual loss of bingo sales tax revenues.

FY15: (\$881,003)  
FY16: (\$814,928)  
FY17: (\$753,808)  
FY18: (\$697,272)

**Oversight** assumes bingo sales tax proceeds collected by not-for-profit organizations are used to fund various programs related to education.

**Oversight** assumes this proposal is effective only upon passage of a constitutional amendment submitted to the voters regarding a reduction in the duration of an organizational membership requirement to administer a game of bingo.

**Oversight** assumes the question would be put before the voters in August (2016). Therefore, Oversight will reflect a possible reduction in taxes starting in October (2016). (9 months in FY17 equals \$565,351)

ASSUMPTION (continued)

**Oversight** will range the fiscal impact from \$0 (measure not approved by voters) to GAM's estimate of tax revenue reduction to the Bingo Proceeds for Education Fund (0289).

**Oversight** notes the tax on pull-tabs in Sec. 313.057.11 RSMo., which provide revenues to the Bingo Proceeds for Education Fund (0289), remain in place.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this proposal could have an impact on the Bingo Proceeds for Education fund. During FY14, DESE received \$1,876,355 from the fund which has been used for transportation at the Missouri Schools for the Severely Disabled.

DESE cannot estimate the extent of the fiscal impact from this proposal.

Officials from the **Office of Administration - Division of Budget and Planning (B&P)** assume this proposal may reduce TSR by an average of approximately \$800,000 annually by removing the provision that imposes a tax on organizations conducting the game of bingo. This tax was credited to the Bingo Proceeds for Education Fund.

B&P assumes this proposal will impact the calculation under Article X, Section 18(e).

Officials from the **Missouri Gaming Commission, Department of Revenue** and the **Department of Public Safety - Missouri State Highway Patrol** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017 (9 Mo.)	FY 2018
<b>BINGO PROCEEDS FOR EDUCATION FUND</b>			
<u>Loss - DESE</u>			
§ 313.055 - Repeal of the Bingo Sales Tax	<u>\$0</u>	\$0 or <u>(\$565,351)</u>	\$0 or <u>(\$697,272)</u>
<b>ESTIMATED NET EFFECT TO THE BINGO PROCEEDS FOR EDUCATION FUND</b>	<u><b>\$0</b></u>	<u><b>\$0 or (\$565,351)</b></u>	<u><b>\$0 or (\$697,272)</b></u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

FISCAL IMPACT - Small Business

§ 313.055 - Repeal of the Bingo Game Sales Tax:

Small business not-for-profit organizations, churches, and charities conducting the game of bingo could see a positive direct fiscal impact from this proposal.

FISCAL DESCRIPTION

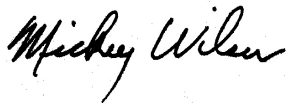
§ 313.055 - Repeal of the Bingo Game Sales Tax:

This proposal eliminates the current sales tax on non-profit bingo game earnings.

This referendum clause is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Gaming Commission  
Department of Elementary and Secondary Education  
Office of Administration - Division of Budget and Planning  
Department of Revenue  
Missouri State Highway Patrol



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Director  
April 20, 2015

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April 20, 2015